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National Intelligence Daily Cable for Wednesday December 15, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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SPAIN: Referendum

25X1 [] //The Spanish government is confident that its reform proposals will win a majority in the national referendum today, but officials are concerned that the margin of victory might not be wide enough to justify their claims of strong popular support.//

25X1 [] The referendum is required to ratify the constitutional reforms approved by the Cortes last month. If affirmative, it will set the stage for the election next spring of a bicameral legislature with constituent power. All Spaniards over the age of 21 are eligible to vote on the simple question "Do you approve the political reform bill?" Preliminary results are expected by the end of the day.

25X1 [] With the exception of the far left and the far right, most of the 200-odd political organizations in Spain want the reforms to be ratified. Many of the leftist opposition parties are advocating abstention, essentially on the grounds that the reforms are being imposed by a non-elected government that excludes some political parties--notably the Communists--from participating in the full political process.

25X1 [] These objections, voiced most forcefully by the Communists and Socialists, make it politically impossible for leftist opposition groups to favor the referendum openly. Some of the more moderate opposition parties, however, have endorsed the reforms implicitly by refusing to call for abstention.

25X1 [] The campaign for abstention is largely tactical. The opposition hopes to limit the size of the government's victory in order to improve the left's position in the next stage of the reform process--the negotiations to set up an election law for the legislative contest.

25X1 [] Although there are several exceptions, the party lines on the referendum seem to fall into a consistent pattern.

--The far right, still smarting from its parliamentary defeat last month, is calling for a "no" vote.

--The center right-including former interior minister Fraga's Popular Alliance--the center, and some of the center left are endorsing a "yes" vote.

--The left, with varying degrees of enthusiasm, is urging abstention.

[] The government's concern over the effect of the abstention campaign is evident in its gradual shift from the official slogan "Inform Yourself Well and Vote" to "There Are Reasons For Voting Yes." An extensive campaign to turn out the vote culminated last night with a televised appeal by Prime Minister Suarez.

[] Unsparing efforts to ensure a heavy vote have opened the government to strong criticism from the opposition. By retaining the ban on the Communist Party and restricting the campaign activities of the democratic opposition--which has declined to apply for legalization, partly out of solidarity with the Communists--the government has invited comparisons with the carefully arranged referendums of the Franco era. Although official spokesmen have stressed that any response, including abstention, may be advocated freely, policemen continue to harrass leftists distributing pro-abstention literature.

[] The outcome of the referendum is likely to show that most Spaniards favor political reform, but beyond that it is unlikely to provide any reliable indication of the strengths of the various political groups. The promoters of the "yes" vote are too diverse, and the abstentions will include--in addition to disciplined followers of the Socialist, Communist, and regionalist parties--the sick, the ignorant, the disappointed, and the apathetic.

[] Because the results of the referendum are regarded as a foregone conclusion, most political parties are already looking ahead to the election law--which the government still has to issue--and preparations for the legislative election. Opposition

parties maintain that they will not participate in the election unless there are sufficient guarantees that it will be run honestly. The government will probably issue the election law by decree, but Suarez has already indicated that he will consult extensively both with legal parties of the right and center right and with the non-Communist opposition.

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[redacted] Major opposition groups have agreed in principle to meet with Suarez, but the initial contacts that were to have taken place before the referendum failed to materialize. According to press reports, Suarez refused to meet with the opposition negotiating team because it includes a Communist representative. The left continues to bicker over how to resolve the issue. A scheduled exploratory meeting between Suarez and Popular Socialist leader Tierno Galvan fell through last weekend, at least partly because the Socialist Workers Party balked at allowing the rival Socialist leader to speak for them. [redacted]

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USSR-US: Arms Control

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[redacted] The USSR apparently has tasked members of its USA Institute with signaling a positive Soviet stance toward arms control negotiations.

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[redacted] Several weeks ago, officials of the Institute privately stressed to US officials the importance of a new strategic arms limitations agreement and the need for voluntary restraint. More recently, as reported in the *Daily* yesterday, the Institute's director, Georgi Arbatov, published an article in *Pravda* calling on the new US administration to get "detente" moving again.

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[redacted] Arbatov is usually out in front of the Soviet public position on disarmament matters, but it is noteworthy that he indicated to US officials that Moscow might be willing to agree to a five-year moratorium on peaceful nuclear explosions. Soviet officials have hitherto insisted that such explosions must continue and that the subject must be excluded from any comprehensive nuclear test ban. The Soviets are aware that President-elect Carter has linked weapons tests and peaceful explosions in any prohibition or freeze.

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[] Soviet officials are also continuing to show their concern over nuclear proliferation and may be indicating a willingness to explore the establishment of regional nuclear fuel storage and reprocessing centers. Moscow has thus far given strong support to the London Suppliers Group, which is trying to limit the assistance given to potential nuclear weapons states.

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[] The USSR would probably also go along with any effort to prevent the proliferation of national nuclear reprocessing. The Soviets would not, however, place their own facilities under regional safeguards and, as a nuclear weapons state, they are not obliged to do so.

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[] The Soviets may be using their conciliatory remarks to importune the US to make progress in SALT and consider restraining its own weapons programs. Arbatov stressed the importance of signals and suggested as an example that any decision to slow the B-1 bomber program should be communicated privately to Soviet leaders.

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[] Posturing of this type is normal for the Soviets during any change in US leadership, and the USA Institute is a likely platform for floating trial balloons. Moscow may be particularly interested in trying to entice the US at this time because of its lack of knowledge on the US president-elect and its concern that recent setbacks to Soviet-American relations were not due solely to the pressures of the US election campaign.

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UK: Defense Cuts

25X1 [] //British Chancellor of the Exchequer Denis Healey will announce today that the Labor government will again reduce defense spending. The defense budget may be cut by as much as \$165 million in fiscal year 1977; there is speculation that a further \$330 million will be cut in fiscal year 1978.//

25X1 [] //The defense cuts will be part of an overall effort by the Callaghan government to pare the budget to meet the conditions imposed by the International Monetary Fund for a \$3.9 billion credit.//

25X1 [] //Defense Minister Mulley and the British chiefs of staff met with Prime Minister Callaghan last Friday formally to protest the size of the reported cuts for 1977 and to attempt to fend off later reductions. The British military leaders accept the necessity for a cut, but wish to keep it "symbolic."//

25X1 [] //Military spending is one of the largest items in the national budget and a vulnerable target. The left wing of the Labor party has threatened "revolt" if defense's share of the overall budget cut does not at least equal that imposed on spending for social services.//

25X1 [] //The Labor government has already cut military spending four times since it returned to power in 1974. These reductions are in addition to the de facto cuts brought about by inflation and the fallen value of sterling.//

25X1 [] //The British government has attempted to convince NATO that the reductions to date have not harmed the UK's contribution to the NATO alliance. Another round of cuts will further weaken that argument. []

BOTSWANA: Refugee Problem

[] The acting foreign minister in a meeting with the US ambassador yesterday termed the refugee situation in Botswana "critical."

[] Botswana has long had an open-door policy for refugees, most of whom come from South Africa and Rhodesia, but has consistently refused to support active dissident groups because of its economic dependence on the two white-ruled countries. Its refugee policy has, however, helped establish Botswana's credentials as a "front-line" state in the struggle to gain black majority rule in southern Africa.

[] The number of refugees has increased considerably since the guerrilla war in Rhodesia picked up and the rioting began in black townships in South Africa last summer. Nearly half of the 1,100 to 1,200 refugees--the number fluctuates almost daily--come from Soweto, the black township near Johannesburg. Some 350 are from Rhodesia, and about 100 each have come from Angola and Namibia. Many refugees are students who try to matriculate at schools in other countries, such as Tanzania, the UK, and the USSR.

[] While they are in Botswana--and many have been there for years--the refugees gather in poor, crowded housing, and constitute a serious social problem for the Botswanan government, which has little in the way of resources to provide even elementary services. The Botswanan government in November broadcast an appeal for international assistance. []

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